Accountability Report

2016–2017

Department of Agriculture
July 2017

NOVA SCOTIA

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Accountability Statement

The Accountability Report of the Department of Agriculture for the year ended March 31, 2017 is prepared pursuant to the *Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the Department's Business Plan for the fiscal year just ended. The reporting of the Department's outcomes necessarily includes estimates, judgments and opinions by Department of Agriculture management.

We acknowledge that this Accountability Report is the responsibility of Department of Agriculture management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Department of Agriculture 2016-17 Business Plan.

Original signed by

Honourable Keith Colwell, E.C.N.S.
Minister of Agriculture

Original signed by

Frank Dunn
Deputy Minister

Message from Minister

I am pleased to present the Department of Agriculture accountability report for 2016-17.

Agriculture is the backbone of our economy and nurturing the sector and unlocking its potential for growth is a priority for the provincial government. During 2016-17 we continued to collaborate with industry stakeholders and government to achieve progress and build on the strengths Nova Scotia has developed in wine, wild blueberries and value-added products.

The world continues to crave our wild blueberries, apples and other value-added products and our awarding winning wines are attracting a global reputation. Nova Scotia is connected to a food culture that benefits our producers through exports, promotes our food security and supports tourism by providing unique experiences for our visitors.

This past year we have supported the wine industry with strategic investments in our Vineyard and Wineries Investment Program and support for research and development at the region's only wine analysis lab at Acadia University. Working with industry, we are supporting quality certification, export market development, research and expanded cultivation of the grapes our industry will need to continue its growth.

Select Nova Scotia continues to share the story of the importance of buying local. Through its digital and social media channels and collaboration with farmers markets and major grocery retailers, this marketing program is raising public awareness of the many ways to add quality locally-grown and made products to household grocery lists. In the process, we're helping to secure the future of our farms and the jobs and opportunities they create for rural communities across the province.

In order to ensure a steady supply of those local products we continue to work with industry and government partners to support our farmers. In its fourth year, the Growing Forward 2 program has helped to support our apple and blueberry producers, encouraged expanded pollination resources, enhanced food safety with traceability and premises identification programs, and made it easier for new farmers to receive advice and support through the FarmNext program.

For agriculture to continue to succeed we all need to be choosing quality Nova Scotia products for our tables. That supports the jobs and economic benefits that agriculture brings to our rural communities and it helps Nova Scotia succeed on the international stage.

Original signed by

Honourable Keith Colwell, E.C.N.S.
Minister of Agriculture

Original signed by

Frank Dunn
Deputy Minister

Financial Results

	2016-2017 Estimate	2016-2017 Actuals	2016-2017 Variance
Program & Service Area		($ thousands)	
Departmental Expenses:			
Senior Management	688	574	(114)
Policy and Corporate Services	46,696	50,776	4,080
Agriculture and Food Operations	12,833	12,750	(83)
Total Gross Departmental Expenses	**60,217**	**64,100**	**3,883**
Additional Information:			
Fees and Other Charges	2,244	2,285	41
Ordinary Recoveries	5,827	5,704	(123)
Total: Revenue, Fees and Recoveries	**8,071**	**7,989**	**(82)**
TCA Purchase Requirements	2,000	1,997	(3)
Provincial Funded Staff (FTEs)	168.6	159.4	(9.2)

Departmental Expenses Variance Explanations:
Increase in allowance for bad debts at the Farm Loan Board and the Fisheries & Aquaculture Loan Board.

Revenue, Fees and Recoveries Variance Explanation:
Decreases in recoveries from the federal government related Programs and Business Risk Management division.

TCA Purchase Requirements Variance Explanation:
nil

Provincial Funded Staff (FTEs) Variance Explanation:
Miscellaneous vacancies across the department.

Measuring Our Performance

Developing our agricultural industries

Grape and wine industry

A key priority for the Department is to grow the Province's grape and wine sectors. Nova Scotia wines and winemakers have been internationally recognized for quality and innovation. The Department invested $3.5 M in 2016-17, year two of the five-year $13 M Vineyard and Wineries Investment Program.

The Vineyard Development and Expansion funding program approved 30 applications resulting in 112.75 acres in various stages of development, for the total $928 K. Other initiatives included projects related to quality enhancement ($1,843 K), international and local marketing initiatives ($398 K), and research and development ($331 K).

This year also saw the establishment of several multi-stakeholder management committees to operationalize this Program, all reporting to the Minister's industry advisory Wine Development Board.

Wild blueberry industry

Due to reductions in average yield and price, the farm-gate value of wild blueberries declined from $33.2 M in 2015 to $19.3 million in 2016. The Department provided support to the sector in 2016-17 through:

- 33 projects for a total of $133, 741 through the Lowbush Blueberry Development Program. This three year, $1 M Program facilitates improved production techniques like harvesting and pruning and expands cultivation by bringing more land into production.
- The Pollination Expansion Program funding of $298,700 to increase the number of honey bees available for pollination.
- Support to industry related to supply and marketing challenges.

Apple industry

The Department developed the Apple Industry Growth and Efficiency Program in partnership with the Nova Scotia Fruit Growers Association to encourage orchard renewal of higher value varieties of apples such as Honeycrisp and Gala.

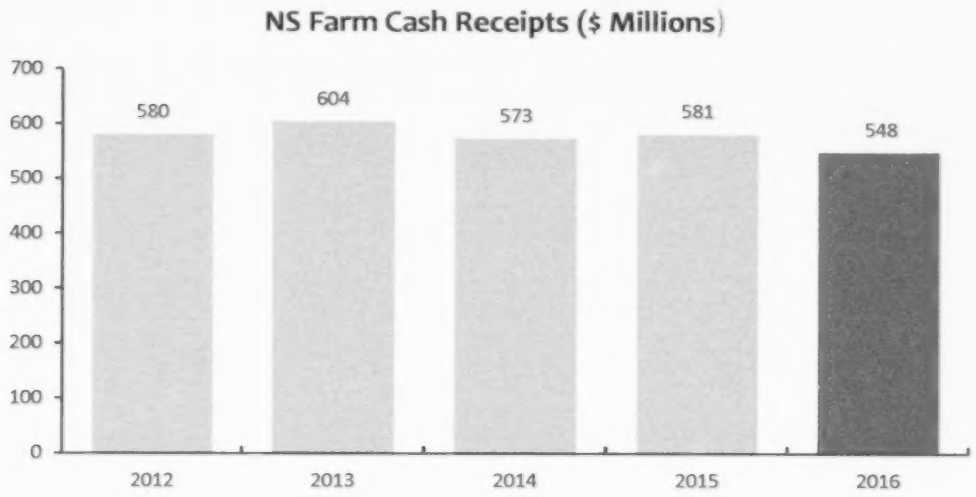
Almost $480,000 was invested in 2016-17, year three of this six year, $2.2 M Program. Over 215,000 new apple trees of higher varieties have been planted since the Program started, of which 88,180 trees were planted in 2016-17.

Mink industry

The industry continues to face challenges in production as well as fluctuating global markets based on over-supply and decreased market prices. In 2016-17, the Department:

- Worked with the mink industry to develop a cost of production tool to facilitate improved management of costs and capitalization.
- Facilitated year two of a three-year, $500,000 partnership with the Nova Scotia Mink Breeders Association to facilitate mink related research at Dalhousie University's Agricultural Campus.
- Initiated contributions to a five year Mink Industry Research Chair position on the Agricultural Campus.

Farm cash receipts shows the combined cash receipts for all farming operations in Nova Scotia. Values can vary based on several factors, including the growing and economic conditions of a given year and the value of the Canadian dollar. There was a decrease in 2016 to $548 M which can be largely attributed to recent challenges facing the wild blueberry and mink sectors.



Trade development

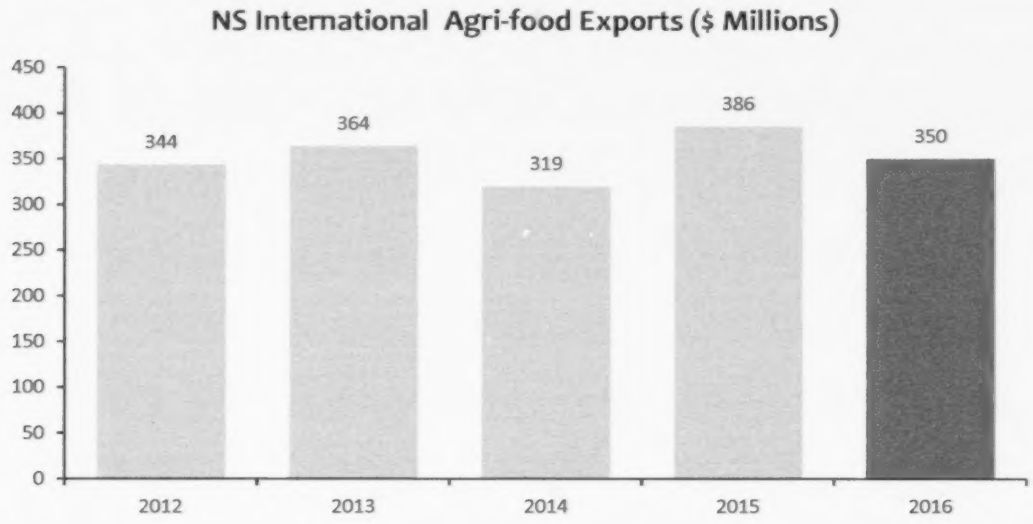
Initiatives in 2016-17 to support trade development included:

- Participation in the November 2016 Food Hospitality Show in Shanghai (*Food Hotel China*) with four Nova Scotia companies representing the wine and maple industries.
- Discussions to develop a market development plan with industry, processors, associations and China partners to investigate opportunities for wild blueberries and blueberry products in China. A detailed market research project investigating opportunities for Nova Scotia wild blueberry wine for the Chinese market place was also completed. The document is being used to direct product and market development

activities for Nova Scotia wineries interested in pursuing the wild blueberry wine market in China.

- The Department participated in the newly created Trade Implementation Committee, a provincial inter-departmental group that supports trade agreement implementation, enforcement, compliance and trade promotion.
- Representation at the 25th Tri National Accord in Niagara Falls, Ontario in October 2016. The Accord provides a long-standing commitment among senior state and provincial agricultural officials to work collaboratively on agricultural trade and development issues.
- Attendance at the 2017 Legislative Agricultural Chairs Summit in Baton Rouge, Louisiana. The Summit brings together state and provincial legislators responsible for developing and implementing policies related to food production, natural resource management and rural development.

Agri-food is Nova Scotia's fourth largest export category behind seafood, tires and forest products. The top two agri-food exports, wild blueberries and mink, however, experienced significant declines in export values from 2015 to 2016 due to reduced global pricing and oversupply. Overall, agri-food exports decreased in 2016 to $350 M.



Perennia partnership

The Department granted $2.5 M in 2016-17 to Perennia Food and Agriculture Inc. (Perennia) to support its mandate to farmers, seafood producers and food processors for the delivery of food safety, product development and commercialization programs. Perennia also facilitates collaborations between industry, the Department, and universities to provide opportunities for research, knowledge and technology transfer. Specific projects in 2016-17 included:

- Initial phases of a terroir analysis for Nova Scotia wine evaluating existing vineyard characteristics

- Establishment of a pilot technology transfer team to support pollination and the honey bee industries in Nova Scotia
- Development of a mobile bottle unit to increase production capacity to beverage sectors

Dalhousie University partnership

The Department has invested $20 million to support the training of agricultural leaders, researchers and innovators and to support growth in various agricultural sectors through its partnership with Dalhousie University's Agricultural Campus.

The expected impact of industry's efforts to increasing its competitiveness through the acceleration of innovation and adoption of new technologies is an increase in labour productivity within the primary and processing sectors in the industry. Labour productivity is a measure of gross domestic product value per hour worked in that industry. The 2016 value for agriculture labour productivity is $24.24, up from $23.25 in 2015. The agri-food processing value was $37.89 in 2016, slightly down from 2015 which was $38.88.

Key core functions

Central functions of the Department were advanced in 2016-17 through initiatives including:

Growing Forward 2

In its fourth year of the five-year cost-shared federal-provincial agreement, the Department's Programs and Business Risk Management Division administered over $6.6M in funding and approvals for Growing Forward 2 (GF2). Programs include:

Homegrown Success	$2,466,900
Traceability Pilot Program	$39,100
Farm Innovation	$365,700
Lowbush Blueberry Development	$133,700
Bio Products Pilot Program	$38,000
Agri-products Innovation & Commercialization	$45,800
Building Industry Capacity	$346,000
FarmNext	$237,700
Commingling Site Traceability	$23,300
Pollination Expansion	$298,700
Research Acceleration	$343,400
Vineyard Development & Expansion	$396,400
Market Development & Investment Attraction	$382,300

The Department also supported industry access to the federally-delivered AgriRecovery, AgriInvest and AgriStability programs. These programs help protect agricultural producers against income loss during times of uncertainty and/or disasters. Funding in 2016-17 for AgriRecovery was allocated as follows:

- 33 producers were paid by the Canada-Nova Scotia Fire Blight Initiative totaling almost $819,100.
- 28 producers were paid by the Canada-Nova Scotia Maple Sector Initiative totaling $727,800.

Provincial producers protected through AgriInvest and AgriStability received payments in 2016-17 based on 2015 tax figures. The tables below indicate a comparison to the most recent two years of available data:

AgriInvest

Participants' allowable market sales		Crop and livestock revenues from all taxfilers		Participants' market sales as a percentage of total market sales	
2013 Program year	2014 Program year	2013 Program year	2014 Program year	2013 Program year	2014 Program year
$ 324 M	$ 269 M	$ 459 M	$ 425 M	70.6%	63.3%

This indicates a decrease (63.3% down from 70.6% in the previous year) in the value of farm revenues in Nova Scotia that are protected against small income declines through business risk management programs.

AgriStability

Participants' allowable market revenues		Crop and livestock revenues from all taxfilers		Participants' market revenues as a percentage of total market revenues	
2013 Program year	2014 Program year	2013 Program year	2014 Program year	2013 Program year	2014 Program year
$ 282 M	$ 211 M	$ 728 M	$ 686 M	38.8%	30.8%

Again, this decrease (30.8% down from 38.8% in the previous year) indicates a reduction in the amount of farm revenues in the Province protected against large income declines through business risk management programs.

In 2016-2017, the Department began preparations to negotiate the Next Policy Framework (successor to GF2) through a Federal-Provincial-Territorial multilateral process as well as a bilateral process between Nova Scotia and Canada. The new framework will focus on six priorities areas: markets and trade; science, research and innovation; risk management;

environmental sustainability and climate change; value-added agriculture and agri-food processing; and public trust.

Dykeland renewal and marshland conservation

The Department continues to modernize the management and protection of 43,000 acres of marshland and over 241 kilometers of dykes to respond to climate change pressures and rising sea levels. In 2016-17, the Department completed the fourth year of a five-year tangible capital asset funded Flood Mitigation Program including the following:

- $1,006,000 in erosion repair and protection on nine marshes
- $218,000 on aboiteau upgrades and design projects
- $272,000 on dyke topping and dyke land formation throughout the province

Other work includes:

- Completion of the construction of the new LaPlanche River Aboiteau in Cumberland County
- Year one of a two-year, $403 K National Disaster Mitigation Program (NDMP) project. In partnership with New Brunswick's Department of Transportation and Infrastructure, the Fundy Dyke Risk Assessment evaluates risk of failure of agricultural dyke systems through strategic test sites and creates engineering guidelines for dyke design and construction.

ThinkFARM

This new entrant program for farmers in the Province supports initiatives that nurtures entrepreneurial capacity, attracts new entrepreneurs to agriculture and food-related ventures, and accelerates their competitive position in the marketplace. ThinkFARM activities in 2016-17 included:

- Responding to client inquiries (78), updating its main resource, *Guide for Beginning Farmers in Nova Scotia*, and hosting four workshops with 104 participants on a range of topics.
- Partnering with the Nova Scotia Federation of Agriculture to launch a Farm Succession Portal.
- Supporting eight organizations and 682 participants through the Department's External Training Partnership.
- Leading a research survey to identify the barriers to growth for agriculture in Nova Scotia.

The provincial *Environmental Goals and Sustainable Prosperity Act* (EGSPA) sets a goal to encourage more local food consumption. In order to estimate how much of our food spending goes to NS farms, a proxy measure is used by considering the farm cash receipts for food produced on Nova Scotia farms in relation to the money spent on food (excluding seafood) annually by Nova Scotians. The initial value in 2011-12 showed 13 % of money spent on food by

Nova Scotians being spent on locally produced food. The newest value available from 2015-16 shows an increase to 15%.

Nova Scotia Farm Loan Board

The Nova Scotia Farm Loan Board (NSFLB) is a Crown lending agency that continued to provide support to agriculture and timber businesses in Nova Scotia through financing and credit counselling. In 2016-17, the NSFLB approved 112 new applications with total funds authorized exceeding $33.5 million.

Annual Report under Section 18 of the *Public Interest and Wrongdoing Act*

The *Public Interest Disclosure of Wrongdoing Act* was proclaimed into law on December 20, 2011.

The Act provides for government employees to be able to come forward if they reasonably believe that a wrongdoing has been committed or is about to be committed and they are acting in good faith.

The Act also protects employees who do disclose from reprisals, by enabling them to lay a complaint of reprisal with the Labour Board.

A Wrongdoing for the purpose of the Act is:

a) a contravention of provincial or federal laws or regulations

b) a misuse of gross mismanagement of public funds or assets

c) an act or omission that creates an imminent risk of a substantial and specific danger to the life, health or safety of persons or the environment, or

d) directing or counseling someone to commit a wrongdoing.

The following is a summary of disclosures received by the Department of Agriculture:

Information Required under Section 18 of the Act	Fiscal Year 2016-2017
The number of disclosures received	0
The number of findings of wrongdoing	0
Details of each wrongdoing	N/A
Recommendations and actions taken on each wrongdoing	N/A